Title: Further discussion on the Insurance Regulatory and Development Authority Bill, 1999. Moved by Shri Yashwant Sinha on the 30th November, 1999. (Motion for consideration). (Concluded.)

1210 hours

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Mr. Speaker, Sir, I rise to reply to the discussion which was started in this House day before yesterday on the Insurance Regulatory and Development Authority Bill, 1999. I should begin by saying that I am extremely grateful to the hon. Members of this House who participated in this debate and made valuable suggestions. Some of the speeches that I have heard in this House in the course of this debate are some of the best speeches that have been made in this House over a long time.

I may not agree with the substance and content of the speech, for instance, that Shri Rupchand Pal has made. But I must admit that he did an excellent job - made a brilliant speech - with all the facts and figures at his command.

I am also grateful to the hon. Members of the Congress Party - the main Opposition - who not only participated in the debate in a very constructive manner but have made suggestions which are eminently reasonable.

I am grateful to Shri Mulayam Singh Yadav for having participated in the debate. I would only like to tell him that he has a long way to go and the kind of opposition that was demonstrated here was perhaps not necessary. It is an important point. It was made across party lines in this House. It was in regard to be able to move with the times. This is the essence of change. If any individual, any society, any nation or any political formation does not take into account the changes which are taking place all around us within the country and outside, the chances are that we shall be left behind in this race.

I am prepared to accept without hesitation that when the life insurance business was nationalised in 1956 or the general insurance business was nationalised in 1970, there was perhaps a case for the same. But the entire situation has undergone a complete change today. Therefore, what was valid yesterday is not valid today. It was this perception which perhaps persuaded the then Government of the Congress Party to appoint a Committee under the chairmanship of former Governor of the Reserve Bank, late Shri R.N. Malhotra, to go into the whole question of insurance sector reforms. This question was gone into by that Committee. That Committee submitted its report and made a number of very important and valuable suggestions. They have been examined by three successive Governments over a period of time very carefully and very deeply.

What I have brought before this House today and what I brought before this House last year was based on that very careful examination of the recommendations of the Malhotra Committee. So, it is not something which has happened suddenly. There is a great deal of thought and examination which has gone into this and it is on the basis of that examination that we stand here today; the discussions have been held and I am here to reply to those discussions.

It has been suggested that there has been change in the position of the Bhartiya Janata Party since 1996 when this Bill was brought in another form by the then Government. I have had the occasion in this House to stand up and clarify that the Bill which was brought by the United Front Government and the Bill that we have brought are substantially different from each other.

The Bill which was brought by the then Government was a Bill which porposed the setting up of an Insurance Regulatory Authority only. It did not talk about the amendment of the LIC, GIC Act. It did not talk about the opening of the insurance sector to private sector Indian firms. It did not clarify how we shall define the Indian private company. There was a certain vagueness about that Bill. I cannot say whether it was deliberate or it was

inadvertent but when those issues were raised in this House, there was no satisfactory reply forthcoming. We have taken care of those problems in the present legislation.

We have been quite candid in our approach. I would like to say that the intention of the Government was clearly set forth in the Budget Speech which I made in this House on the 1st of June 1998, where I said that the insurance sector shall be opened for competition by private Indian companies. That was clearly stated by me in that Budget Speech -- a Budget, which was adopted by the Twelfth Lok Sabha in all its entirety.

SHRI BASU DEB ACHARIA (BANKURA): Without any discussion.

SHRI YASHWANT SINHA: It was this year, it was not last year. Last year, we had a full discussion. Last year, the 1998-99 Budget was fully debated in this House and approved. Therefore, it is not that when we came with this Bill, we were springing a surprise. The intention of the Government, as I have said, was clearly stated in my Budget Speech.

Now, having said that we will open it for competition by the private Indian companies. We had to clearly define what we meant by private Indian companies. But before I come to that, I would like to hasten to add what this Bill is not about, because there appears to be a great deal of misunderstanding in this hon. House, and based on this misunderstanding a great deal of misunderstanding outside about the nature and content of this Bill.

This Bill is not about the privatisation of LIC and GIC. Let me make it absolutely clear. The Government has no intention to privatise LIC and GIC. We are not even going to dilute the Government""s holding in the LIC, GIC. If the Government is holding 100 per cent of the equity of the GIC and the LIC, which is a statutory body, Government, I am making bold to say, has no intention of diluting that equity or that statutory nature of the LIC... (Interruptions)

SHRI BASU DEB ACHARIA : Only five crores of rupees ... (Interruptions)

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): I did not interrupt you.

Mr. Speaker, Sir, a point was made here about the size of LIC and GIC, about the danger that it posed to the workers in LIC and GIC. I would hasten to add that all these are entirely misplaced. First of all, as I said, over a period of time, ever since Malhotra Committee recommendations were made public, LIC and GIC have been preparing for competition. Why should LIC and GIC shrink from competition? I see no reason for that because LIC and GIC are operating in most countries of the world. They have the subsidiaries of LIC and GIC are they are operating in many countries of the world. They are facing international competition in those countries. LIC and GIC are fully prepared and absolutely well-equipped to meet the threat of any competition.

I have talked personally to the Chairmen of both the Corporations. I can say without fear of contradiction that LIC and GIC are not only fully prepared but will be able to meet any kind of competition from any quarter successfully and there is no danger of their business going down. Therefore, the question of the workers in LIC and GIC losing their jobs is again misplaced. As a result of this competition, there is not going to be any displacement of the workers of LIC and GIC. I have the fullest sympathy with them.

I think that certain amount of misapprehension, certain amount of misunderstanding has sought to be created. I have gone out and met them; I have gone out and talked to them; I have gone out and explained the whole position to them; and it will be the effort of the Government to continue to do so so that any misapprehension, any misunderstanding in their mind is fully taken care of but there is no danger of any LIC worker, any GIC worker losing his job as a result of this competition.

What has been the experience elsewhere? The banking sector was opened up for the private sector in this country. Have the public sector banks lost their share of the market? Has there been retrenchment on that account? My answer is, `no''''.

1233 hours (Mr. Deputy-Speaker in the Chair)

What has happened to the mutual funds? There was a time when UTI was the only mutual fund which was operating. What has been the result? The result has been that over the years, up to 1987, their business went up from Rs.4,000 crore to Rs.16,000 crore. When we opened the market for the private mutual funds, then what has happened? It has gone up to Rs.80,000 crore. When the cake becomes larger, there is more for every one. Now that is exactly what we are trying to do. The cake in the banking sector has become bigger. The cake in the mutual fund industry has become bigger. It has been possible both for the private sector and the public sector to flourish in those situations. Therefore, for any one to fear that LIC and GIC will lose their business, that their workers will have to face retrenchment, that they will run into any kind of problem, that their business will go down, I will say, with all the emphasis at my command, that this is not correct because the total size of the market will be going up substantially.

Mr. Deputy-Speaker, Sir, there is other thing. Figures have been quoted here. I do not have to go into them as to how despite very good performance on the part of GIC and LIC, they have not covered not even a fraction of the population. I am not standing here and denigrating LIC''''s and GIC''''s performance in any manner. They have done extremely well. Their contribution to national development has been very significant. All those facts are fully accepted. But, on the other hand, the facts which have been brought before this House that the total premium collected by LIC and GIC together is just a little over two per cent of the GDP; that while their business has been going up, unfortunately, they have not covered the entire coverable population, not even a fraction of it. That also remains a fact. I am not going into small complaints that my claim was not settled by LIC or GIC in time or somebody misbehaved somewhere. I am not going into those smaller issues. I am saying clearly that LIC and GIC have done very well. They have a record. We can all be proud of but in a country of India''''s size and dimension, to expect only one company in life insurance and only one company with four subsidiaries in general insurance to be able to cover the entire emerging business is, perhaps, not correct. Therefore, there is a need for more players in this market.

We have, therefore, decided to open it for competition. Now, why should anyone shrink from competition? The whole essence of democracy is competition. Don''''t we face competition when we go and contest elections? I cannot understand why anyone in this country should shrink from competition. It is unfortunate that we, as a nation, have not adopted a competition policy for all these 50 years. And, that is why, in this year''''s Budget speech, I have talked about a national competition policy, a policy which will come before Parliament and we will discuss the competition, the various elements of the competition policy and will decide what kind of competition policy we should follow. But whether we like it or not, Mr. Deputy-Speaker, Sir, the fact remains that competition has come to stay. Other kinds of competitions are knocking at our doors and it will not be possible for us, as a nation, to keep competition away. Therefore, we should not shrink from competition.

I believe that when I said, private Indian companies, there is a much greater consensus in this House in that regard. Now some people have an objection in regard to foreign equity in Indian private companies. Now, like the previous Bill which was brought by the United Front Government, Mr. Deputy-Speaker, Sir, if we had left it vague, then what would have been the result? Under the Indian Companies Act, today any company which is registered in India is an Indian company. A hundred per cent subsidiary of a foreign company registered in India under the Indian Companies Act is an Indian company. Therefore, it became essential for us to define what exactly we meant by an Indian company and that is what we have proceeded to do. We have suggested originally when I introduced this Bill last year in the Twelfth Lok Sabha that there should be a cap of 26 per cent on foreign equity and there should be another 14 per cent for NRIs and OCBs. OCBs are entities which have more than 60 per cent holdings of the NRIs. That is how, the OCBs are defined.

This Bill went to the Standing Committee on Finance. All the Parties in Parliament were represented. It was considered by the Standing Committee on Finance and they suggested that we should delete this 14 per cent and NRIs and OCBs, Mr. Deputy-Speaker, Sir, should also be included within this 26 per cent. We did not hesitate to accept that recommendation because it was based on consensus. That is why, today, the present Bill caps it at 26 per cent including NRIs and OCBs. We have gone a step further. We have defined it. In one of the provisions of the Bill we are saying that neither through their subsidiaries nor through their nominees will it be possible for any foreign company to increase their share-holding through the back-door. We are taking even that care so that foreign equity is capped at 26 per cent and remains at 26 per cent. We have not made it compulsory. It is very important, Mr. Deputy-Speaker, Sir, for the House to take note of this. It is only an enabling provision. We are not forcing Indian companies that you must have 26 per cent foreign equity. We are merely saying that if you wish to have foreign equity, you want to have a foreign collaboration, then you can go up to 26 per cent. I am quite sure there will be Indian companies who will be hundred per cent Indian companies and who will not like to share the equity with anyone else.

Those hundred per cent Indian companies will also be doing business under the new dispensation. So, it is not unlike in some other sectors that we are saying that there must be a compulsory 26 per cent foreign equity. It is open to the Indian partner to decide whether they want to have 26 per cent or they want to have 10 per cent, or they want to have 14 per cent. It is entirely up to them. Twenty-six per cent is the cap. It is an enabling provision. Why have we kept it? We have kept it because we want technology to come into this country in this sector. Now, for any one to say it is a very simple area - life insurance and general insurance; and there is no need for technology, then, I am afraid I will have to respectfully differ.

Mr. Deputy-Speaker, Sir, the world has progressed. There are all kinds of insurance products which are being marketed in various countries of the world, which are unfortunately not yet available in India. It is our belief that with this opening up, it will be possible for those insurance products to come up in this country and provide both depth and weight to the market.

Now there is another angle. We are all aware of the fact that in many countries in the world, health insurance is not provided directly by the Government. Health insurance is provided through insurance companies. We all are aware of how woefully short health care is in this country. We have set targets which we have not been able to achieve. Now, through a larger coverage in the insurance sector, it is possible to cover a larger segment of the population through health insurance. For instance, there are pension schemes. There are sections of employees, sections in the unorganized sector, particularly, who have no pension cover. Now, there could be insurance companies which will provide them pension facility. They can make small contribution. That will come in handy when they retire. Now this is the kind of social security which will become possible once the insurance sector is opened up, and that is why we are putting social service, social sector obligations even on the newer companies. We have said that there will be an absolute level-playing field, that we shall impose no obligation on the public sector which we shall not impose on the private Indian companies. There is no way in which they can get away with something which LIC and GIC will have to bear as social sector obligation. So, let there be absolutely no doubt. This

law is going to apply equally to the public sector as well as to the private sector and all the obligations under this law shall be imposed on the public sector.

SHRI MADHAVRAO SCINDIA (GUNA): Can I have a clarification?

In the Explanation, it is mentioned here that the foreign company shall have the meaning assigned to it under clause 23a of Section 2 of the Income-tax Act, 1961. As per my understanding, the Income-tax Act is not as elaborate as to cover all foreign sources of funding. I would like to draw the attention of the hon. Finance Minister to the Foreign Contribution Regulation Act. In that you have had a very wide description of what will be treated as a foreign source. And, you have said that this includes the Government of any foreign country or territory, any international agency, not being the UN, a foreign company within the meaning of Section 5(9)(1) of the Companies Act, a company which is a subsidiary of a foreign company, a multinational corporation, Government of a foreign company, citizens of a foreign company, corporations; and then you go on also to include trusts, societies or other associations of individuals.

This is a very long list. Could we not have a very elaborate description of what exactly you mean by a foreign company rather than merely restricted to Section 23-A of the Income Tax Act so that all possible bypasses are totally plugged in. The objectives of the Act and of all those of us are to ensure that the cap of 26 per cent is really an effective cap and that there is no such bypass.

SHRI YASHWANT SINHA: Sir, the question of such a bypass will not arise. We have taken care of it when we have talked of the Income Tax Act. That particular section of the Income Tax Act defines a foreign company as a company which is not a domestic company. Then, we go back to the domestic company""s definition and a domestic company is a company...(Interruptions).

SHRI SOMNATH CHATTERJEE (BOLPUR): which is not a foreign company!

SHRI YASHWANT SINHA: It is a little better than that. It says that a company which makes its operations in India, distributes its dividend in India and pays tax on those dividends.

SHRI SOMNATH CHATTERJEE : It should be registered under the Income Tax Act.

SHRI YASHWANT SINHA: And yes, registered under the Income Tax Act. Therefore, the definition of the domestic company is very clear and with that definition incorporated in this Act plus the cap of 26 per cent, there is, to my mind, absolutely no fear of any confusion between what is in the Foreign Contributions (Regulation) Act and what is defined here. (Interruptions).
SHRI MADHAVRAO SCINDIA : Would this cover things like a foreign trust or a foreign citizen? You are talking here about a foreign company or a foreign trust, for instance, a foreign society or foreign group of individuals. There are many categories. I would like to have an assurance from you. I have no doubt about the motives of the objective, But I would just like you to examine this and if you feel that there is some necessity for tightening up that, you would try and ensure that that takes place so that the 26 per cent cap fulfils the total objectives that are there in our mind.

SHRI YASHWANT SINHA: Sir, I have absolutely no problem in accepting the suggestion of Shri Madhavrao Scindia in saying that we will certainly examine it. But I would say that as the Act stands, at present, there is absolutely no scope for any confusion. We are clear about the nature...(Interruptions).

SHRI SOMNATH CHATTERJEE : Open hospitality. This will be hidden hospitality. Foreign contribution is for hospitality. (Interruptions).

SHRI YASHWANT SINHA: Therefore, Sir, as I was saying, there should be absolutely no apprehension on the part of the Members of this august House in regard to the basic objectives of this Act, in regard to its spread, in regard to the kind of situation which will develop as a result of this Act coming into force. I can only assure the Members that the cake will become bigger,

that insurance business will expand and we will have far larger sums of money from within the country for investment. Now, this is an

issue on which I would like to take a little bit time of this House.

We permit foreign investment in the infrastructure sector. Now, all of us are aware that infrastructure sector fund investments are largely investments from the insurance companies and the pension funds. These are long-term funds and that is why they are invested in areas which have a larger and longer gestation period. We are openly welcoming investment in infrastructure, even the CPI(M), I am quite sure, as my friends from the Left, have no objection to this.

Shri P.R. Dasmunsi yesterday was referring to the overbridge in Calcutta- the Baakreshwar power plant.

Shri Somnath Chatterjee had very correctly gone abroad on behalf of the West Bengal IDC in order to invite foreign capital. So has the Chief Minister of West Bengal, as Shri Priya Ranjan Dasmunshi mentioned. Now they are moving with the time and I welcome it. Just as Shri Priya Ranjan Dasmunshi welcomes it, I also welcome it. We have to get foreign investment in certain sectors and infrastructure is the most important. If we want to achieve a growth rate of eight per cent or nine per cent in this country in order to tackle the problem of poverty and unemployment, then it is absolutely essential that we invest more funds, more money in infrastructure sector. Now, what is it that we are trying to do through this amendment of the legislation? What we are trying to do is to garner our own resources. Our own resources can go up manifold. There are estimates that the total insurance funds will rise by 300 per cent, 400 per cent in the next few years and there will be more money available from within the country for investment in infrastructure. Therefore, in order not to depend so much on foreign funds, it is important that we develop this sector. So, these are the intentions of the Government, these are the objectives of the legislation with which we have come before this House. As I said, it was examined by the Standing Committee on Finance in the Twelfth Lok Sabha and I was saying it when I was moving this Bill for consideration that this perhaps would be an exceptional situation where the Government thought it fit to accept all the recommendations of the Standing Committee. We have accepted all their suggestions and incorporated them in the revised Bill. If ever there was a tribute to the Standing Committee system in Parliament, it is this legislation.

My hon. friends from the Congress party have moved a number of amendments. They have made a number of suggestions. I have circulated in the House the amendments that we propose to move officially from the Government side in this regard and incorporate them in the Bill.

SHRI BASU DEB ACHARIA : These have not been circulated, Sir.

SHRI YASHWANT SINHA: These are being circulated.

SHRI SOMNATH CHATTERJEE : The process has not started.

MR. DEPUTY-SPEAKER: These are being circulated.

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): Sir, there is a tradition of the House...(Interruptions)

MR. DEPUTY-SPEAKER: Order please. It is being circulated. It is getting ready.

SHRI PRAKASH PARANJPE (THANE): How can we study them and how can we express our views if we are receiving them now only? At least we should get some time to study the amendments that the Government is suggesting.

MR. DEPUTY-SPEAKER: Please do not interrupt the Minister.

SHRI PRAKASH PARANJPE : This is not interruption, Sir, but this is not the way.

SHRI YASHWANT SINHA: Sir, as I was saying, because the objectives were the same, it was with the same objectives that we had drafted this legislation and, therefore, we found absolutely no problem...(Interruptions)

SHRI VARKALA RADHAKRISHNAN : Sir, as per the rules, we are entitled to get them 48 hours before. You may go ahead without that, that is another matter.

SHRI SOMNATH CHATTERJEE : There will be too much of foreign money coming, baba.

MR. DEPUTY-SPEAKER: Shri Radhkrishnan, I know you are always rules-bound. You are a former Speaker of Kerala, I know that. But there are some exemptions also.

SHRI VARKALA RADHAKRISHNAN : Exemptions not at the cost of the Members"" right.

SHRI SOMNATH CHATTERJEE : The Chair can allow everything.

SHRI VARKALA RADHAKRISHNAN : The Chair can allow even without discussion also.

MR. DEPUTY-SPEAKER: No, that cannot be allowed by the Chair, Shri Radhakrishnan.

... (Interruptions)

SHRI YASHWANT SINHA : Mr. Deputy-Speaker, Sir, as I was saying, because there is no difference of opinion in regard to the objectives, in regard to the purposes that we want this Bill to serve, therefore, responding to the sentiments expressed in this House by some of the Members, specially from the Congress Party, the Government felt absolutely no difficulty in accepting some of their suggestions and I would like to say that some of those amendments ...

SHRI SONTOSH MOHAN DEV (SILCHAR): When you are accepting our proposals, why do you not accept them as our proposals? Why are you bucking in saying they are your proposals. ...(Interruptions)

SHRI YASHWANT SINHA : It is because you have not given me time to finish what I wanted to say. ...(Interruptions)

SHRI SONTOSH MOHAN DEV : You be gracious. When you are gracious, be very large-hearted.

MR. DEPUTY-SPEAKER : Shri Sontosh Mohan Dev, he is coming to that.

SHRI YASHWANT SINHA : Therefore, Sir, those amendments, put in the proper legal language and in the proper place in the Bill, are being moved and will be moved by me as official amendments when we come to those Clauses. But I would like to make one last point here before I am done with the reply to this debate.

And that is that, in Government, in Opposition, we all have our roles and responsibilities. One point which I would like to make with all the humility at my command is that whether we are here or there or from whichever section of the House we are sitting in, I think we should not start levelling unfounded charges at each other. ...(Interruptions) That is what denigrates the entire functioning of this House and democracy.

SHRI SOMNATH CHATTERJEE : It should be on all sides. ...(Interruptions)

SHRI YASHWANT SINHA : I am not referring to you. ...(Interruptions)

SHRI A.C. JOS (TRICHUR): The wisdom has dawned upon you quite late. ...(Interruptions)

SHRI RUPCHAND PAL (HOOGLY): Sir, he has assured about level-playing field. ...(Interruptions)

SHRI YASHWANT SINHA : Shri Rupchand Pal, did I interrupt you even once? You said the harshest things against me. But I never interrupted you.

SHRI A.C. JOS : Mr. Deputy-Speaker, Sir, ...

MR. DEPUTY-SPEAKER : Shri Jos, he is not yielding to you.

SHRI YASHWANT SINHA : Sir, the entire political class has suffered as a result of this. I am saying this with all the sense of responsibility. We level unfounded allegations. I heard a word here. ...(Interruptions)

MR. DEPUTY-SPEAKER: Shri Rupchand Pal, please do not interrupt.

SHRI YASHWANT SINHA : Sir, one of the hon. Members of this House called me a criminal for having brought this legislation. ...(Interruptions) I am expressing my anguish and pain at that. Just because I have brought this legislation, do I become a criminal? ...(Interruptions)

SHRI MANI SHANKAR AIYAR (MAYILADUTURAI): Then, why are you describing Shri Rajiv Gandhi as criminally accused? ...(Interruptions)

MR. DEPUTY-SPEAKER : Shri Mani Shankar Aiyar, please do not interrupt.

SHRI YASHWANT SINHA : Shri Mani Shankar Aiyar, do you have a personal score to settle with me? ...(Interruptions)

SHRI RAJIV PRATAP RUDY (CHHAPRA): Sir, everytime he is bringing in the name of Rajiv Gandhi. ...(Interruptions)

MR. DEPUTY-SPEAKER : Shri Rudy, please do not interrupt.

SHRI YASHWANT SINHA : Sir, words have been bandied around saying that this legislation is anti-national. I am expressing my anguish and pain at that. Is it anti-national? Just because we are sitting in the Treasury Benches, it does not mean that we are sacrificing all our interests. It has been said that we have brought forward this legislation under some pressure.

SHRI BASU DEB ACHARIA (BANKURA): Yes, it is a fact. ...(Interruptions)

SHRI YASHWANT SINHA : Sir, let me hasten to add that it is absolutely unfounded. We are not acting under any pressure. This is a decision which we have taken according to our own volition, according to our own will. There is no pressure whatsoever. I am telling you that there is no pressure. The Government of Shri Atal Bihari Vajpayeeji is under no pressure from within or from outside. ...(Interruptions)

SHRI VARKALA RADHAKRISHNAN : It goes against the interest of the State.

SHRI YASHWANT SINHA: It does not go against the interest of the State. That is what I am challenging. ....(Interruptions) The problem is that some people and some parties have refused to move with the time. They have refused to grow up. This is the problem. They have refused to grow up mentally. They have refused to grow up intellectually. That is why, this problem is there. ....(Interruptions)

SHRI MADHAVRAO SCINDIA (GUNA): Have you grown up intellectually with time? Have you grown up? ....(Interruptions)

SHRI YASHWANT SINHA: Yes, I have. ....(Interruptions)

MR. DEPUTY-SPEAKER: Shri Brar, please take your seat.

... (Interruptions)

MR. DEPUTY-SPEAKER: He has got a clarification.

SHRI YASHWANT SINHA: Who?

MR. DEPUTY-SPEAKER: Shri Ramdas Athawale.

SHRI YASHWANT SINHA: I will give him a chance. Let me complete first and then, he can seek a clarification.

MR. DEPUTY-SPEAKER: Shri Ramdas, you will get a chance.

SHRI YASHWANT SINHA: Sir, we all may have differences of opinion, we all may have our own ideologies. We all went to the people with our respective programmes and ideologies. This is what democracy is all about. Then, our friends here ....(Interruptions)

SHRI SAMAR CHOUDHURY (TRIPURA WEST): How are you available in all the Ministries of the Government? ....(Interruptions)

MR. DEPUTY-SPEAKER: This interruption is welcome.

... (Interruptions)

SHRI YASHWANT SINHA: The point I was making is that this Bill is in national interest and this Bill is timely. India cannot enter the 21st Century with the mindset of the 16th Century. We have to have a modern, progressive, technological India. We have to promote the growth of India in that direction. Therefore, it is essential that this Bill is passed by this House.

I would appeal to the Members, who have opposed this Bill and suggested to me that I should withdraw the Bill, that they should withdraw their objections because the Bill is in the best national interest. Therefore, they should withdraw their objections. If they do not, then I would like to tell my friends sitting here from the Left Parties, what Trotsky had said long ago, that it has happened to them in many other countries of the world and it will happen to them even in India. Mr. Deputy-Speaker, they will go where they belong to, to the dust-heap of history.

SHRI SOMNATH CHATTERJEE : Sir, may I seek a clarification?

MR. DEPUTY-SPEAKER: Yes.

... (Interruptions)

MR. DEPUTY-SPEAKER: Shri Radhakrishnan, I have given the floor to him.

SHRI VARKALA RADHAKRISHNAN : How can he say that we will go to the dust-heap of history? ....(Interruptions)

MR. DEPUTY-SPEAKER: Shri Radhakrishnan, please take your seat.

... (Interruptions)

SHRI BASU DEB ACHARIA : They will be thrown to dustbin. ....(Interruptions)

SHRI SOMNATH CHATTERJEE : Can I seek a clarification now?

MR. DEPUTY-SPEAKER: Yes. You can seek a clarification now.

... (Interruptions)

MR. DEPUTY-SPEAKER: Hon. Members can seek clarifications one by one.

I have one more clarification from Shri Ramdas Athawale.

SHRI SOMNATH CHATTERJEE : Will the hon. Minister show the courtesy of listening to what I am saying?

">We have been hearing of huge investments coming into this sector primarily through Indian companies and also through the equity participation to the extent of 26 per cent by foreign companies. Has any exercise been made in this regard or can the Finance Minister tell this House how much investment he is expecting? Now, companies with Rs. 100 crore equity will be formed for the business of insurance.

">The foreign participation will be to the extent of 26 per cent. Now, how many companies with foreign participation are you expecting? How many hundreds and thousands of crores of foreign money are going to come through this 26 per cent participation?

">With regard to the foreign banks, we know that they are operating here for many years. Their minimum deposit money is such that ordinary Indians cannot keep any accounts or maintain any accounts in these foreign banks. What is the assurance and the provision that you have made in the Bill where these insurance companies with foreign participation will look after primarily the rural areas and the vulnerable sections of the community for whom you are saying so many things? What is the assurance that these companies will not look after the big businesses alone in this country? What is the assurance for widening the scope of health insurance and crop insurance through these foreign companies with foreign participation?

">SHRI RAJESH PILOT (DAUSA): That is why, this amendment has been brought.

">SHRI SOMNATH CHATTERJEE (BOLPUR): Your amendment is the vaguest possible, Shri Rajesh Pilot. How do you ensure it? I am very sorry to say that you have brought amendments which are only precatory . It means good wishes and nothing else.

">SHRI RAJESH PILOT : They will ensure it.

">SHRI SOMNATH CHATTERJEE : You are believing them to ensure this. Let him answer. Why are you trying to answer for him? How much money are you expecting and how many companies are going to come?

">

श्री रामदास आठवले (पंढरपुर) : उपाध्यक्ष महोदय, इन्श्योरेन्स का बिल वित्त मंत्री जी ने यहां रखा है और अभी उसका रिप्लाइ भी उन्होंने दिया है। उन्होंने सदस्यों से इसको पास करने के लिए सपोर्ट भी मांगा है। हमारा इतना ही सवाल है कि प्राइवेटाइज़ेशन होने से शेडयूल्ड कास्टस के रिज़र्वेशन पर बहुत असर होगा। क्या सरकार ने इस बारे में विचार किया है? प्राइवेटाइज़ेशन जैसे-जैसे बढ़ता जाएगा, वैसे वैसे शेडयूल्ड कास्टस और ट्राइब्ज़ की सर्विसेज़ कम होती जाएंगी। इसलिए इसमें अमेण्डमेंट करने के बारे में वित्त मंत्री जी से निवेदन है कि इसमें रिज़र्वेशन देने का भी प्रावधान होना चाहिए। इस बारे में सरकार से हमें रिप्लाइ चाहिए।

">

">आपने बताया है कि एल.आई.सी. और जी.आई.सी. के कर्मचारियों को ज्यादा खतरा नहीं है मगर हम सरकार को इतना ही बताना चाहते हैं कि इसको लाने से कर्मचारियों को बहुत खतरा हो सकता है।

">

SHRI PRIYA RANJAN DASMUNSI (RAIGANJ): Mr. Deputy-Speaker, Sir, through you, I would like to say that the hon. Finance Minister has given a firm commitment on the floor of the House that GIC and LIC will not be diluted in any form, and that none of their shares will be disinvested in any form. Therefore, to maintain the structure, I will request the hon. Finance Minister, after this Bill is passed, to bring a further guarantee clause, if possible, within the ambit of the Schedule to ensure the growth and expansion of GIC and LIC, as well as to extend their capital base. There is logic in what Shri Somnath Chatterjee said. LIC and GIC, with a capital base of Rs. 5 crore and Rs. 21.5 crore respectively, might look sick at the end of the day. Therefore, their capital base should be expanded. I gave the information in my speech yesterday. Unless their capital base is further expanded, making it as a giant company, it will not be possible for them to compete with other players in the level playing field.

">These are the two aspects, and the hon. Minister has given a commitment in the House to honour them by bringing appropriate amendments to the clauses of this Insurance Regulatory and Development Authority Bill or the Insurance Act, which he proposes to bring later on.

SHRI RUPCHAND PAL (HOOGLY): May I seek clarification on three specific points from the hon. Minister?

">13.00 hrs.

">Sir, first, the hon. Finance Minister has assured about a level playing field. But how is he ready to remove the apprehension that undercutting in a big way would be resorted to by the foreign companies to ultimately weaken the LICI and GICI leading finally to their destruction?

">Second, he has said that he does not agree with my views on technology. I had said that no high technology is involved. May I know from the hon. Minister as to how many of our professionals, high-tech professionals, in the insurance industry have already been lured away? To my knowledge, it is more than 250. I am just adding to it. I have been told by a very high official of the top management of these companies that he had been offered rupees two crore if he would join a foreign insurance company.

">Third, how could he stop this poaching which has already taken place? More than 250, if not more, of our very top professionals, excellent global standard professionals, have been taken away.
Sir, finally, insurance is a unique industry. It is different from other industries and services and so it has been kept out of the WTO. May I know from the hon. Minister whether it is a fact that insurance market is a very very protected market in the developed countries? Is there any possibility of having some reciprocity in this area for the LICI & GICI?

SHRI TARIT BARAN TOPDAR (BARRACKPORE): Sir, it has been said that stakes would be higher if the financial sector, especially the insurance sector is opened up. It has been kept open for the foreign companies to compete and mobilise resources.

">MR. DEPUTY-SPEAKER: Shri Topdar, you are seeking a clarification and not making a speech.

">SHRI TARIT BARAN TOPDAR : Sir, I am seeking clarification only. Is it the idea of the Ruling Party that Indians are not capable enough to mobilise resources and do good for the country? Now, Indian money would be collected by the foreigners and would be invested here. They would not bring in any money from their countries for investment here. This is what has been explained here.

">MR. DEPUTY-SPEAKER: Shri Topdar, you are making a speech. You seek your clarification.

">SHRI TARIT BARAN TOPDAR : Sir, I would like to know from the hon. Minister whether a similar type of competition would be allowed for the Indian companies in foreign market, and whether the Government of India could give an assurance that no money and no resources would be taken away by these foreign companies. I would also like to know whether there exists a foolproof mechanism for this or not.

">SHRI MADHAVRAO SCINDIA : Sir, I would like to seek a clarification from the hon. Finance Minister. I would also like to repeat that I have received an informal legal opinion in this regard and that is why, I am trying to draw your attention.

">Sir, the definition of foreign companies, under clause 23(A) under section 2(A) of the Income Tax Act, does not include all potential foreign sources. For instance, 26 per cent of foreign equity does not cover, for example, all categories of contributions which could be sourced into India from foreign sources. This is, of course, an informal, legal opinion and I would like you to check on this.

">Sir, for example, if you follow the definition strictly, then equity holdings by even NRIs beyond 26 per cent would not be barred under the present Bill. Similarly, several other persons or entities, like a foreign national, a foreign citizen, a foreign trust, a foreign trade union or a foreign association of persons including a foreign off-shore entity, so long as it is not a foreign company or its subsidiary, would be entitled to hold equity in excess of 26 per cent in the Indian insurance company.

">I would like the hon. Finance Minister to be doubly sure about this. I am just cautioning him on this. If this is truly the case, he should take steps to ensure that this loophole is totally be plugged. Otherwise it will not be a loophole, it will be a wide gaping hole into which anyone can ride.

">

श्री किरीट सोमैया (मुम्बई उत्तर-पूर्व) : अध्यक्ष जी, माननीय मंत्री महोदय ने बताया कि जो एल.आई.सी., जी.आई.सी. के एम्पलाइज हैं उनके वर्तमान स्वरूप को कायम रखा जाएगा, इसकी घोषणा की गई है, लेकिन इसमें एक गलतफहमी हो गई है कि एल.आई.सी.के अभी ३ लाख एजेंट हैं और आई.आर.डी.ए. ने उनके लिए एक नई गाइड लाइन फ्रेम की है। उसमें इतने नियम हैं कि जो सब-एजेंट हैं वे ५५ या ५८ साल के ऊपर के नहीं होने चाहिए। उसमें एक निश्चित उम्र दी गई है कि एजेंट इससे ऊपर की उम्र का नहीं होना चाहिए। इसी के साथ उसमें १० या १२ वीं पास होने की शर्त भी रखी है। मेरी प्रार्थना यह है कि ये बहुत अच्छे नियम हैं, लेकिन जो नए एजेंट बनेंगे, उनके ऊपर इन नियमों को लागू किया जाए। अभी इसमें जो हाउस-वाइफ हैं, महिलाएं हैं जो काफी संख्या में इसकी एजेंट हैं, उनके ऊपर इन नियमों को लागू न किया जाए बल्कि जो आगे आने वाले समय में बनने वाले एजेंट हों, उनके ऊपर इन्हें लागू किया जाए। अभी जो ३ लाख एजेंट हैं, उनको इन नियमों से एग्जम्प्ट किया जाए।

">

">मैंने दूसरी प्रार्थना यह की थी कि यू.के., यू.एस.ए. में इंश्योरेंस कंपनीज के इंश्यूरर और शेयर होल्डर्स के लिए इनवेस्टर-प्रोटैक्शन एक्ट के तहत एक इनवैस्टर-प्रोटैक्शन फंड होता है। अगर सरकार इसको भी मान्यता दे, तो इसके बारे में भी माननीय मंत्री महोदय स्पष्ट करें।

">

DR. SAROJA V. (RASIPURAM): Hon. Deputy-Speaker, Sir, I would like to know from the Minister whether, under the health insurance scheme, the private insurance companies would come forward to set up accident-cum-emergency wards along with fullfledged blood banks along the national highways to save the victims of road accidents.

">

श्री नारायण दत्त तिवारी (नैनीताल) : श्रीमन्, मैं माननीय वित्त मंत्री जी से दो बिन्दुओं पर स्पष्टीकरण की अपेक्षा करूंगा। उन्होंने केवल एल.आई.सी. और जी.आई.सी. के बारे में इस प्रकार की टिप्पणी की है कि दो प्रतिशत से थोड़ी अधिक जनसंख्या पर ही अभी तक इंश्योरेंस स्कीम को लागू किया जा सका है और भारत का एक बहुत बड़ा क्षेत्र, भारत की बहुसंख्य आबादी अभी तक इंश्योरेंस सैक्टर के लाभ से वंचित है और मल्होत्रा कमेटी की रिपोर्ट के बाद तीन वर्षों के बाद भी राज्य सरकारों या केन्द्रीय सरकार द्वारा यह चिन्ता की जाती रही है और आज इतनी बड़ी क्रांति का माध्यम आप इस बिल को बना रहे हैं, तो क्या देश की बहुसंख्य जनता को इसका लाभ पहुंचे, इसके लिए वास्तविक रूप से सरकार की क्या रणनीति है? गरीबों तक इंश्योरेंस का लाभ कैसे पहुंचेगा?

">

">अध्यक्ष महोदय, एल.आई.सी. और जी.आई.सी. के बारे में कहा गया है कि संगठनिक रूप से नई तकनीक अभी तक इनमें नहीं आई है और संकेत किया कि इनमें कब नई तकनीक लाई जाएगी। महोदय, यह बड़े खेद का विषय है कि हमारी एल.आई.सी. और जी.आई.सी. जो वित्त मंत्रालय के अधीन हैं, उनको हम, गवर्नमेंट के अधीन होते हुए, भी, नई तकनीक तक नहीं पहुंचा सके। जो नई तकनीकी क्रांति इंश्योरेंस के क्षेत्र में सारी दुनिया में आई है, उससे इन दोनों कंपनियों को अवगत कराने व प्रेरित करने के लिए, उनसे अनुज्ञापित करने के लिए, इस बिल के पास होने के बाद सरकार की क्या रणनीति होगी, क्या स्थिति होगी; क्या इन दोनों बिन्दुओं को आप स्पष्ट करेंगे?

">

">

श्री मोहन रावले (मुम्बई दक्षिण-मध्य) : अध्यक्ष महोदय, लाइफ इंश्योरेंस और जनरल इंश्योरेंस कंपनियों ने जो पैसा राज्यों में सरकारी क्षेत्र के उद्योगों में लगाया हुआ है, उसी प्रकार से इस बिल के पास होने के बाद क्या फारेन की कंपनियों को भी राज्यों के उद्योगों में धन लगाने की व्यवस्था का प्रावधान करेंगे ताकि वे इस देश के धन को बाहर न ले जा सकें और इस देश का धन इस देश में ही रहे? क्या सरकार इस बारे में कोई नीति बनाएगी?

">

SHRI BASU DEB ACHARIA : Sir, now the 50 per cent of the business done by the LIC and the GIC is from the rural sector which is not profitable. And, because of cross-subsidization, the LIC and the GIC both the public sector undertakings are doing well for years together since their nationalisation. Now, when the foreign companies are invited, insurance sector will be opened up to the foreign countries. Is there any safeguard in this Bill that the foreign companies will enter into the non-profitable areas instead of profitable areas?

SHRI P.H. PANDIYAN : Mr. Deputy-Speaker, Sir, I want to have clarifications from the hon. Minister on two things. Yesterday, I made a reference that foreign firms are standing in the queue to engage Indian partners in the Insurance sector. For example, Allianz AG Company of Germany is looking for the Indian partners. Similarly, the Alpic Finance, Prudential Life Insurance of U.K., ICICI, American International Group of U.S., Tata Group, Hindustan Times Group, General Accidents of U.K., Bombay Dying are also there.

">MR. DEPUTY-SPEAKER: Shri P.H. Pandiyan, all these names were referred to in your speech also. You seek clarification now.

">SHRI P.H. PANDIYAN (TIRUNELVELI): Sir, the hon. Minister while replying has stated that `it is not open to foreign companies at all."' Why did he not refer to these companies who are looking for the Indian partners? The Indian partners have been specified and it has been reported in the Press also.

">At this juncture, I would like to say that the same principle will apply to the nationalisation of banks. What was the public interest in 1969 while nationalising the banks? Is it private interest today?

">Sir, it has appeared in the Press and through the Government also that they are going to initiate a deal to denationalise all the banks. So, what is the purpose behind this denationalisation? The Minister has said that he has been described as anti-national. When you are denationalising any sector, it is anti-national. You nationalised banks in 1969 and you are appreciated. If you are denationalising those banks, what is the actual meaning?... (Interruptions)

SHRI P.C. THOMAS (MUVATTUPUZHA): Sir, in his speech, the hon. Minister has said that there is no pressure from anywhere, but in the Agreement of W.T.O., the Service sector is included. Once, the Service sector is included, we are dutybound, and therefore, we cannot say that we need not open up. So, I think, there is a pressure by way of contract which we have entered into.

">So, I would like to seek a clarification as to whether the Government will take action in the Seattle meeting which is going to take place two or three days farther to see that in the case of developing countries, we may not have to hasten to go in for the privatisation or have contracts in this nature. We would like to take some more time, if necessary.

">My second point, which has already been made, is with regard to the insurance which may be made by the people as against some insurance companies which may be fake insurance companies and come in in the name of foreign companies.

">

श्री माणिकराव होडल्या गावीत (नन्दुरबार) : उपाध्यक्ष महोदय, मैं आपके माध्यम से मंत्री जी से कहना चाहता हूं कि जैसा अभी हमारे भाई रामदास अठावले ने कहा है कि जी.आई.सी. और एल.आई.सी. में एस.सी. और एस.टी. का सैंट्रल गवर्नमैंट के मुताबिक रिजर्वेशन है। मैं मंत्री जी से पूछना चाहता हूं कि क्या इन विदेशी कम्पनियों में भी वह रिजर्वेशन रखा जायेगा या नहीं?

">

श्री प्रकाश वी. पाटील (सांगली) : मैं आपके माध्यम से मंत्री जी से जानना चाहता हूं कि जो शेयर होल्डिंग कम्पनी ने किया है, उसमें शेयर होल्डिंग के साथ-साथ भारत के बाहर से २००० करोड़ या कुछ इससे कुछ ज्यादा डिपाजिट मोबिलाईज करने वाले हैं। मैं यह जानना चाहता हूं कि ये कम्पनियां देश के भीतर ही काम करने वाली हैं या बाहर भी जाने वाली हैं?

">

SHRI PRAKASH YASHWANT AMBEDKAR (AKOLA): The foreign equity has been kept at 26 per cent. May I know from the hon. Minister whether this will be limited to one company or, if there is one company which is in other part of the world and if there are many tiers in this country and if they tie up with the Indian companies, are you going to allow them? That is also going to be in a different manner in which the Indian companies will be taken over by the other countries.

">The second point is, when the nationalisation has taken place, there was an issue that was raised about the premium which was used for different purposes. What for was it meant? Will the hon. Minister clarify that this time he is going to take precaution to see that the premium which was meant for some purposes will not be used again this time for some other purposes?

SHRI M.V.V.S. MURTHI (VISAKHAPATNAM): I think because of this, there could be some shrinkage in employment.There should not be any shrinkage in employment because some top officers or some more officers may likely to leave the LIC and GIC and join other companies. These posts have to be filled in by new blood so that employment is assured to the people of India in the existing companies.

श्री राजीव प्रताप रूडी (छपरा): उपाध्यक्ष महोदय, इस बिल की मैरिट पर जितनी चर्चा हुई है, वह तो अपने आपमें एक महत्वपूर्ण मुद्दा है, लेकिन महोदय, मैं मंत्री जी से सिर्फ यह जानना चाहता हूं कि जी.आई.सी. और एल.आई.सी. जो बीमा विदेशों में करते हैं, उनकी पूंजी इस देश में वापस आ जाती है। तमाम विदेशी कम्पनियां जो विदेशी मूल के नागरिकों का बीमा विदेशों में करेंगी, उनका जो प्रीमियम डिपाजिट होगा, उस पैसे का क्या होगा? वह इस देश में कैसे वापस लौटेगा, इसके बारे में मैं जानना चाहूंगा।
">

श्री मुलायम सिंह यादव (सम्भल) : उपाध्यक्ष महोदय, मैं माननीय मंत्री जी से जानना चाहता हूं कि क्या सरकार पूरी तरह से आश्वस्त है कि जो सिएटल में हो रहा है, वह दिल्ली में नहीं होगा या नहीं हो सकता है? आपने अगर दूरदर्शन देखा होगा, पूरी सरकार बैठी हुई है, मैं यह पूछना चाहता हूं कि क्या सरकार पूरी तरह से आश्वस्त है कि डब्लू.टी.ओ. के बारे में जो कुछ हो रहा है, वह दूरदर्शन में अच्छी तरह से दिखाई दे रहा है, अखबारों में पढ़ने से नहीं पता चलता, बीमा बिल आप जिस तरह से पास करा रहे हैं, क्या उसके बारे में दिल्ली में ऐसा नहीं होगा।

">

SHRIMATI GEETA MUKHERJEE (PANSKURA): I want to know from the hon. Minister whether there is any guarantee after the sector is opened that the premium will not go up as the private companies will be interested in their own profit. Is there any guarantee for

that? So far as I understand, there is not. Is it not so?

DR. B.B. RAMAIAH (ELURU): In the case of Andhra Pradesh, the State Government is putting a premium on huts of the weaker sections of the people. Will the Finance Minister put a clause that a part of the premium will be used for social obligations?

">

श्री राम नगीना मिश्र (पडरौना) : माननीय उपाध्यक्ष महोदय, हमें इस बात की आशंका हो रही है, यह कहा जा रहा है कि विदेशों की कम्पनियां यहां आकर बीमा क्षेत्र में काम करेंगी और सारा रुपया इसी देश में खर्च कर देंगी तो कौन ऐसा मूर्ख होगा कि सारा रुपया लाकर यहां पर रखेगा, यहीं पर खर्च करेगा? हम कहते हैं कि हम जो विदेशों से कर्ज लेते हैं, उस पर विदेशों को इंटरैस्ट देते हैं कि नहीं? हमें इस बात की आशंका है कि विदेश की जो कम्पनियां यहां आएंगी, जो यहां पर अपना कारोबार करेंगी, उससे जो मुनाफा पाएंगी, वे अपने देश में भी ले जाएंगी। इसके बारे में क्या कहना है?

">

">... (Interruptions)

">MR. DEPUTY-SPEAKER: Order please. This is a very important measure. Everybody who wants to seek a clarification must get an opportunity.

">SHRI ADHI SHANKAR (CUDDALORE): Sir, I would like to know whether there is any reservation for the cooperative sector.

SHRI LAKSHMAN SETH (TAMLUK): Mr. Deputy-Speaker, Sir, the hon. Minister has stated that LIC and GIC will not be privatized. What is the safeguard for this? When the private players are allowed to play in the field, there will be a war between the dwarfs and the giants. How will the LIC and the GIC be protected? They will go sick. They will not be able to contest that war. I want a suitable clarification from the hon. Minister.

">Secondly, as privatization is taking place gradually, how will the reservation for the SCs, the STs and the OBCs be protected? That object will be totally frustrated. I want a clarification on this also.

SHRI ADHIR CHODHARY (BERHAMPORE, WEST BENGAL): Sir, in 1956, the then Finance Minister Shri C.D. Deshmukh was quoted as saying that insurance in developing countries must be seen as an essential service

">... (Interruptions)

">MR. DEPUTY-SPEAKER: You are only to seek a clarification and not to give a speech.

">

">... (Interruptions)

">SHRI ADHIR CHODHARY : The private sector is habitually reluctant in meeting social obligations. So, I just want to know what measures the Government is taking so that siphoning off the money could be stopped.

">

श्री भेरूलाल मीणा (सलूम्बर) : उपाध्यक्ष महोदय, इस वक्त जितनी अंडरटैकिंग्स या कम्पनियां हैं उनमें भी घोटाले होते हैं और पता नहीं क्या-क्या होता है। उसकी इंक वायरी होती है और सरकार सब तरफ से जांच करती है। जब प्राइवेटाइजेशन होगा तो न मालूम ये कितने घोटाले करेंगे, तब क्या कंट्रोल होगा, यह मैं जानना चाहता हूं?

">

SHRI SUDIP BANDYOPADHYAY (CALCUTTA NORTH WEST): Mr. Deputy-Speaker, Sir, the hon. Minister of Finance has said that before introducing he met the Chairmen of the LIC and the GIC. But we are also concerned about the employees of the LIC and the GIC who are huge in numbers. Has the Government any plan to convene a meeting between the Government, the management and the trade unions? I would like to propose that by holding such a meeting you can send a message and direction to the employees of the LIC and the GIC. If you fail to do so, the Left Parties and particularly the CPI(M) will exploit the unions and the employees and will mislead them. You should please take care and try to hold a tripartite meeting between the management, the unions and the Government.

SHRI VARKALA RADHAKRISHNAN : Sir, in the light of the clarification sought and fear expressed by my friend, is it not prudent to withdraw the provision with regard to privatization?

SHRI MADHAVRAO SCINDIA : I would like to add to the apprehension expressed by Shrimati Geeta Mukherjee over the investment clauses. It would be inappropriate if the insurance companies are permitted to invest outside India the funds collected by way of premium. I think, it is generally more open but the section that is sought to be inserted - I think, it is 27 (c) - is ambiguous and does not specifically mention that `premium'"" collected from Indian policyholders shall not be invested outside India. I think, it would be desirable that the word `premium'"" is specifically incorporated in section 27 (c). I think, Shrimati Geeta Mukherjee will also voice this apprehension.

">

डा. संजय पासवान (नवादा) : माननीय उपाध्यक्ष महोदय,

">

">GIC

">और

">

">LIC

">के बड़े-बड़े अधिकारी ललचाई निगाह से देख रहे हैं कि देश में प्राइवेट कम्पनी आएगी और उनको बड़ा-बड़ा एसाइमेंट मिलेगा। मैं मंत्री महोदय से पूछना चाहता हूं, क्या हम ऐसी व्यवस्था नहीं कर सकते हैं कि

">

">GIC

">और

">

">LIC

">के अधिकारियों को पांच साल के लिए रोका जाए, ताकि वे कोई काम इन कम्पनियों में नहीं कर सकें? यह व्यवस्था केवल देश के लिए ही नहीं, बल्कि कम्पनी के लिए और समाज के लिए भी अच्छी रहेगी।

">

">MR. DEPUTY-SPEAKER: The reply to the clarifications asked by the hon. Members will be given by the hon. Minister after the lunch break. Now, the House stands adjourned to meet at 2.30 p.m.

">1326 hours

">1431 hours

">The Lok Sabha then adjourned for Lunch till thirty minutes

">past Fourteen of the Clock.

">1431 hours

">The Lok Sabha re-assembled after Lunch at thirty-one minutes

">past Fourteen of the Clock.

">(Mr. Deputy-Speaker in the Chair)

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Mr. Deputy-Speaker, Sir, a number of issues have been raised and a number of clarifications have been sought by various hon. Members of this House. I would endeavour in my brief reply to cover as many of them as possible.

">I will begin by once again putting at rest any speculation, any apprehension and any fear in regard to the status of the LIC and the GIC and in regard to the workers losing their jobs.

">SHRI SOMNATH CHATTERJEE (BOLPUR): Sir, I do not understand this assurance. How can the Government assure as to how many jobs they would have and as to how many employees they would have?

">SHRI YASHWANT SINHA: Sir, I am giving this assurance on the basis of my understanding that the LIC and the GIC are not going to lose business in the new situation and that they are only going to expand their business. Therefore, the question of their workers being threatened with loss of job opportunities does not arise. I welcome the suggestion made by Shri Sudip Bandhopadhyay that just as we have talked to the management we should talk to the workers also. I would like to assure him that I personally have talked not only to the management but also to the workers and we would keep up the dialogue with the workers so that any fear or apprehension in their mind is fully addressed, taken care of and removed. So, there is no difficulty in regard to that.

">Now, in regard to the equity cap of the 26 per cent, Shri Madhavrao Scindia and some other friends have raised this issue as to whether we are fully protected by the provisions of this Bill. I would like to read the definition that we have given for the Indian Insurance companies. We are clearly saying that it is the company registered under the Companies Act of 1956 in which the aggregate holdings of equity shares by a foreign company, either by itself or through its subsidiary companies or its nominiees, do not exceed 26 per cent

of the paid up capital of such Indian companies. I would like to clarify here that there is no danger of this cap being crossed.

">I have given the definition of the Indian company in the IRDA Bill. Now the meaning of the word "nominee" is fairly wide. I have also consulted legal experts and I have been assured that the meaning of the word "nominee" is fairly wide.

">Some hon. Members have also raised the issue of non-corporate persons like NRI, trusts, etc. finding their way to make investments which may not be covered by the existing provisions. Sir, I am informed that the existing guidelines under FIPP will adequately take care of this problem also. I would like to assure this august House that the Government has been alive to the possibility of misuse of the provision of the Bill and breaching the limit by adopting dubious method. Adequate care has been taken in drafting these provisions and in due course the authority will publish necessary guidelines to be followed in this regard which will be applicable to all those who apply for the licence. The Authority will keep a close watch on the companies and ensure that the provisions are fully adhered to.

">While on this point I would like to say that what we are creating is a statutory and a strong Authority. So, all those fears that pre-1956 situation will be created or whatever has happened in some other countries abroad will be created are not well-founded. It is because we have a strong Authority which is going to take care of this problem. The Authority has the powers to impose fines which through the amendment that I am circulating as suggested by the hon. Members of the Congress Party is being raised to Rs.25 lakh with threat to cancel the licence. The authority can suspend or cancel the registration in case of failure; the authority can appoint Additional Directors and call for any document; can inspect a document and provide such directions as necessary in the interest of the policyholders. The authority is an autonomous, experienced and expert body. I am absolutely confident and I have no hesitation in assuring this House that the Authority will be able to discharge the responsibilities which are being cast upon it.

">SHRI MADHAVRAO SCINDIA : I am sorry I came in, while you were half way through. So, I may have missed some very central points. What I intended to say here is that the word "nominee" is wide enough to cover many categories. But a nominee means, he becomes a nominee when he is nominee of somebody else. But if somebody invests on his own volition whether he be an NRI or a foreign citizen or foreign cooperative society or foreign group of persons or foreign trust, he need not necessarily be a nominee of anyone, he does not come under the cover of the word "nominee". It is because he never becomes a nominee. Therefore, if that is the case, which you have checked with your legal opinion, I would suggest you to tighten it up.

">SHRI SOMNATH CHATTERJEE : Sir, after all it is a law which is being made. How can guidelines or any direction by the Regulatory Authority change the law? The law itself permits here. Once this Bill is approved and passed, it becomes a law of the land which restricts 26 per cent only to foreign company either by itself that is, by company itself or through its subsidiary companies with a well known concept or its nominees which means company""s nominee. An individual need not be a company""s nominee. Therefore, foreigners can invest here. So, Shri Scindia""s objection is right. Merely saying that the Authority will ultimately look after the interest of the country is no solution. It is because the law operates over any guidelines.

SHRI MADHAVRAO SCINDIA : There are categories which are covered under the Foreign Contributions Act. You cover everything. So, why do you not just incorporate that into the body of the Bill?

">SHRI YASHWANT SINHA: Sir, the intention of the law and the intention of the Government is to limit foreign equity participation to 26 per cent.

">In any interpretation of any law, as is the general practice, whenever a court is seized of the matter, the discussions in the Houses of Parliament, the assurances given by the Government are all taken care of, they are all taken into account while interpreting the law. Now I am making it very clear that the intention of the Government is to restrict it to 26 per cent. This is the intention that we had conveyed to those who drafted the legislation and I have been assured that these words sufficiently cover the concerns that we have in this regard.

">The other point that I would like to make is, India is not yet such an open country where any individual, anybody can come and make investment anywhere. We have not reached that stage. There are restrictions. We are considering this law within the overall framework of the entire legal system which operates in this country. Nobody is free to come and invest anywhere. That is why I hastened to add that the Regulatory Authority will clarify this. In any case, Indian companies will have to apply to the Regulatory Authority for registration. No company can start business without the permission of the Regulatory Authority. This is the time when we will have to look at it. The functioning of the company is something which will be watched closely by the Regulatory Authority for which there is adequate provision in this Bill. Therefore, to think that it will be a free for all and anybody can take advantage of any perceived loophole is something I do not think is correct.

">SHRI MADHAVRAO SCINDIA : Ultimately, a few years down the line, all the commas, full-stops and what is in print will be read. The gentlemen who are advising you have explained it to you on the basis of nominee.

">SHRI SOMNATH CHATTERJEE : The hon. Finance Minister cannot give a meaning which he wants. Words have their own meanings. A nominee cannot be anybody and everybody. The hon. Member is right.

">1442 hours (Mr. Speaker in the Chair)

">SHRI MADHAVRAO SCINDIA : Please examine it and bring it again after an hour or so. By the time you complete, you can bring in another amendment. Your objective has to be fulfilled. It is very dangerous. Because you may find that foreign sources come in who have much above 26 per cent, who can go even up to 51 per cent, if not more and take control of the whole situation. I would request you to pay serious attention to this.

">SHRI YASHWANT SINHA: There is absolutely no danger of that. Nobody can misinterpret this law and the provisions of this law. After all, I also have taken legal opinion. What I am saying in this House is based on expert legal opinion which is available to the Government. I have been assured that this is covered adequately in the way the whole clause has been drafted. It is on that basis that I am here to assure the House that there is danger of the 26 per cent being breached. I will stand by this. I am saying that the Regulatory

Authority is there to take care of any problem which might arise. If, at a future date, there is some interpretation, something happens, there have been occasions when we have revised our laws. Whenever something has gone wrong and the Legislature""s intention has not been properly understood by courts, we have come back to the House and revised. That option is always open to the Government.

">श्री मुलायम सिंह यादव : अब आप आगे बढ़िये।

">

">श्री यशवंत सिन्हाः हां, आपको जल्दी जाना है।

">

">The other issue which has been raised especially by my friend Shri Kirit Somaiya who has expressed some concern in that regard is about the existing agents. I am aware that over five lakh agents are working for procuring life insurance business. I gather that the interim Regulatory Authority has already discussed the issues concerning qualifications, training, etc., that the representatives of the associations of the agents and adequate protection and care have been ensured for the present agents. Therefore, let me assure this House that any model regulation issued by the Regulatory Authority in regard to agents will protect and safeguard the interest of the existing agents. Their interests will not be compromised in any manner.

">SHRI PRAKASH PARANJPE (THANE): The present rule says that within three years they must get through 12th standard and a training. This should be omitted. I have given an amendment to that effect. The present rule does not provide for that. They are asking them to complete 12th standard within three years.

">SHRI YASHWANT SINHA: I made a distinction between existing agents and new agents who might come into the field. As far as the existing agents are concerned, I am giving this assurance that their interest will not be compromised and it will be fully protected.

">Now, some Members have asked about investor protection fund. We do not need an Investor Protection Fund. In this particular case, every new entrant and a new company are required to deposit Rs.10 crore with the Reserve Bank as a security deposit. This will be the nucleus of a future protection fund and after the sector is opened, we can consider creation of an investor protection fund which has to be made creative out of the levies received from the companies. So, on that score, let there be no doubt.

">Some Members have expressed apprehension about capital flight by opening up of the insurance sector. Their contention is that the foreign promoters will take away the Indian policy holders"" funds. This is an unfounded fear. Under Section 27(c) of the Bill, no insurer can directly or indirectly invest the funds of the policyholder outside India. The law is very clear. Only dividends can be taken abroad by policy investors subject to normal regulations. In this connection, I may also mention that such dividends will accrue only after seven to eight years, from the date on which the company begins its operations. Further, as business expands, there will be growing requirements of solvency margins and therefore, more and more capital will come in rather than go out of the country...(Interruptions)

">SHRI MADHAVRAO SCINDIA : Section 27(c) should be totally watertight. I am giving you a constructive suggestion....(Interruptions)

">SHRI YASHWANT SINHA: The only assurance that I would like to give to the Members is that we are making some amendments. Let us go ahead and see how the Act operates. Nobody can say the last word on any subject at any point of time. I remember the quotation of Shri Chandrashekhar that everybody is a semicolon; there is no full stop in history. So, there are no full stops. We will look at the situation and see how it can be developed.

">The point which was raised by Shri Somnath Chatterjee is about how the business will expand. A rough assessment has been made. The insurance business which has been discussed in this House was about the total insurance premium as percentage of GDP. I would like to inform Shri N.D. Tiwari that it is not two per cent of the coverage of the population, it is two per cent of the GDP in terms of the insurance policy. It was 2 per cent in 1997-98. Some rough calculations have been made. By 2000-2003, this figure is expected to go upto 4.5 per cent of the GDP considering that in this span of five years, there would be a considerable and significant expansion of insurance business. So, let there be no doubt about that.

">In terms of the LIC, GIC and level-playing field, the GIC and LIC operate in 27 countries. They already have 52 branches, subsidiaries, representatives and associate companies in 27 countries. Therefore, as I said in the beginning, we should not be scared. If GIC can operate in Singapore, the UK, Thailand, Philippines and Saudi Arabia, compete and hold on their own, then there is no reason why they cannot hold on their own on our own soil? Therefore, if we talk in terms of level-playing field, the level-playing field demands that we should not be scared of the future prospects of LIC and GIC.

">With this, I suppose that I have covered most of the issues which have been raised by Members.

">SHRI RUPCHAND PAL (HOOGLY): What about under-cutting?

">SHRI YASHWANT SINHA: There is no danger of any under-cutting. If you sit here and imagine that there is ghost behind every pillar, I cannot help you.

">But let us remember that India is a strong and powerful country and no country in the world, no company of any foreign country can take this country for a ride. Let us have confidence in ourselves. Why are we so lacking in confidence that they will come and take away everything? Nobody can do it. They have not been able to do it in the banking sector. They will not be able to do it in the insurance sector. Therefore, I suggest that let this Bill be passed with acclaim by the House. I would request the hon. Members in the middle to kindly withdraw their objections to the passage of this Bill.

">MR. SPEAKER: Now, we shall take up the Motion for consideration of the Bill. There are some amendments moved to the Motion.

">I shall now put Amendment No.1 moved by Shri Ajoy Chakraborty to the vote of the House.

">The amendment was put and negatived.

">MR. SPEAKER: I shall now put Amendment no.3 moved by Shri Basu Deb Acharia to the vote of the House.

">The amendment was put and negatived.

">MR. SPEAKER: I shall now put Amendment No.4 moved by Shri Basu Deb Acharia to the vote of the House.

">The amendment was put and negatived.

">MR. SPEAKER: I shall now put Amendment No.14 moved by Shri Rupchand Pal to the vote of the House.

">The question is:

">"That the Bill to provide for the establishment of an Authority to protect the interests of holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto and further to amend the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalisation) Act, 1972, be referred to a Joint Committee of the House consisting of 15 Members, 10 from this House, namely:-

">(1) Shri Basu Deb Acharia

">(2) Shri Moinul Hassan

">(3) Smt. Geeta Mukherjee

">(4) Shri Sanat Kumar Mandal

">(5) Shri Amar Roy Pradhan

">(6) Shri P.H. Pandian

">(7) Shri Yashwant Sinha

">(8) Shri Raghuvansh Prasad Singh

">(9) Shri Mulayam Singh Yadav

">(10) Shri Rupchand Pal

">and 5 from Rajya Sabha;

">that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of Members of the Joint Committee;

">that the Committee shall make a report to this House by the last day of the Budget Session;

">that in other respects the Rules of Procedure of this House relating to Parliamentary Committees shall apply with such variations and modifications as the Speaker may make; and

">that this House do recommend to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of 5 Members to be appointed by Rajya Sabha to the Joint Committee." (14)

">Those in favour will please say `Aye"".

">SOME HON. MEMBERS: `Aye"".

">MR. SPEAKER: Those against will please say `No"".

">SEVERAL HON. MEMBERS: `No"".

">MR. SPEAKER: I think the `Noes"" have it. The `Noes"" have it.

">SHRI RUPCHAND PAL (HOOGLY): No, Sir. The `Ayes"" have it. (Interruptions)

">SHRI SOMNATH CHATTERJEE : Mr. Speaker, Sir, why should we give up our right if the Government wants to go posthaste in this matter? They are not prepared to listen to very important suggestions made by everybody. Patriotism is nobody""s monopoly; wisdom is nobody""s monopoly. (Interruptions)

SHRI BASU DEB ACHARIA : Sir, it is a very simple amendment referring the Bill to a Joint Committee.

SHRI RUPCHAND PAL : Sir, I have a right to press for the division. So, I am pressing for the division.

MR. SPEAKER: Hon. Members, some of the Members are pressing for a division in the matter. According to the voices raised against the amendment, I feel that the division is being unnecessarily claimed.

... (Interruptions)

SHRI RUPCHAND PAL : No; it is not so. (Interruptions)

SHRI BASU DEB ACHARIA : Sir, it is the right of the Member to press for the division. (Interruptions)

SHRI RUPCHAND PAL : Sir, it is our right. (Interruptions)

MR. SPEAKER: Let me complete the observation first. Please take your seat.

Therefore, as per the proviso to Rule 367-3(c), I request those Members who are in favour of the amendment to rise in their seats.

As per rules, the names of the voters shall not be recorded in the proceedings.

SHRI RUPCHAND PAL : I want to express my opposition. ... (Interruptions) I want to press for division. You put it on record. This is my right as a Member.

MR. SPEAKER: The question is:

"That the Bill to provide for the establishment of an Authority to protect the interests of holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto and further to amend the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalisation) Act, 1972, be referred to a Joint Committee of the House consisting of 15 members, 10 from this House, namely:-

(1) Shri Basudeb Acharia

(2) Shri Moinul Hassan

(3) Smt. Geeta Mukherjee

(4) Shri Sanat Kumar Mandal

(5) Shri Amar Roy Pradhan

(6) Shri P.H. Pandian

(7) Shri Yashwant Sinha

(8) Shri Raghuvansh Prasad Singh

(9) Shri Mulayam Singh Yadav

(10) Shri Rupchand Pal

and 5 from Rajya Sabha;

that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee;

that the Committee shall make a report to this House by the last day of the Budget Session;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees shall apply with such variations and modifications as the Speaker may make; and

that this House do recommend to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of 5 members to be appointed by Rajya Sabha to the Joint Committee."

Those in favour will please say `Aye"".

SOME HON. MEMBERS: `Aye"".

MR. SPEAKER: Those against will please say `No"".

SEVERAL HON. MEMBERS: No.

MR. SPEAKER: Now, those who are in favour of `Ayes"" will please rise in their places.

SHRI RAJESH PILOT : If voting is to be there, there should a proper voting. This is not the way for the Parliament. ... (Interruptions)

You are setting up a new precedent today. ... (Interruptions)

MR. SPEAKER: What can you do? The Members are insisting upon it.

... (Interruptions)

SHRI SOMNATH CHATTERJEE : Very well, Sir. If speed is the only consideration, we shall stand up.

MR. SPEAKER: Shri Somnath Chatterjee, please go through Rule 367-(3)(c):

"Provided that, if in the opinion of the Speaker, the Division is unnecessarily claimed, he may ask the members who are for `Aye"" and those for `No"" respectively to rise in their places..."

SHRI SOMNATH CHATTERJEE : It is humiliating.

MR. SPEAKER: No, no; there is a provision.

SHRI SOMNATH CHATTERJEE : I cannot question your ruling. I know about it. But what are the considerations for deciding whether it is an `unnecessary demand"" or not.

MR. SPEAKER: It is there in the provisions.

SHRI SOMNATH CHATTERJEE : It cannot be. ... (Interruptions) Every rule cannot be applied. ... (Interruptions)

MR. SPEAKER: Otherwise, they can take the slips from the respective Members. So, please take your seats.

SHRI SOMNATH CHATTERJEE : If there is no strong objection to this Bill, then, it is all right.

MR. SPEAKER: Please take your seats. They will distribute the slips.

... (Interruptions)

MR. SPEAKER: The slips will be distributed to `Ayes"" only.

15.00 hrs.

SHRI SOMNATH CHATTERJEE (BOLPUR): Sir, are the slips being selectively issued?

MR. SPEAKER: No, they are being distributed to all.

SHRI P.H. PANDIYAN (TIRUNELVELI): Sir, the Treasury Benches are not participating in the voting... (Interruptions) That has also to be recorded ... (Interruptions) The democracy is by majority""s participation.

MR. SPEAKER: Now, let the Lobbies be cleared --

Shri Pandian, please take your seat. Once the Lobbies are cleared, then you will have the full Division.

... (Interruptions)

SHRI RAJESH PILOT (DAUSA): Mr. Speaker, Sir, what is the procedure that you are following now? ... (Interruptions)

MR. SPEAKER: We are distributing the slips to all the Members.

">Now, the Lobbies have been cleared.

">Hon. Members, I have to inform the Members that as the Division Numbers have not so far been allotted to the hon. Members, it is not possible to hold the Division by the Automatic Vote Recording Machine. The Division will be supplied at their seats with `Aye""/`No"" printed slips for recording their votes. `Aye"" slips are printed on one side in green, both in English and in Hindi, and `No"" in red on its reverse.

">On the slips, Members may kindly record votes of their choice by signing and writing legibly their names, Identity Cards numbers, constituency and State/Union Territory and date at the place specified on the slip. Members who desire to record `Absentation"" may ask for the `Absentation"" (Yellow colour) slip. Immediately after recording his vote, each Member should pass on his slip to the Division Clerk who will come to his seat to collect the same for handing over the officers at the Table. Members are requested to fill in only one slip for Division.

">Members are also requested not to leave their seats till the slips are collected by the Division Clerks.

">Now the question is:

">"That the Bill to provide for the establishment of an Authority to protect the interests of holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto and further to amend the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalisation) Act, 1972, be referred to a Joint Committee of the House consisting of 15 Members, 10 from this House, namely:-

">(1) Shri Basu Deb Acharia

">(2) Shri Moinul Hassan

">(3) Smt. Geeta Mukherjee

">(4) Shri Sanat Kumar Mandal

">(5) Shri Amar Roy Pradhan

">(6) Shri P.H. Pandian

">(7) Shri Yashwant Sinha

">(8) Shri Raghuvansh Prasad Singh

">(9) Shri Mulayam Singh Yadav

">(10) Shri Rupchand Pal

">and 5 from Rajya Sabha;

">that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of Members of the Joint Committee;

">that the Committee shall make a report to this House by the last day of the Budget Session;

">that in other respects the Rules of Procedure of this House relating to Parliamentary Committees shall apply with such variations and modifications as the Speaker may make; and

">that this House do recommend to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of 5 Members to be appointed by Rajya Sabha to the Joint Committee." (14)

">The Lok Sabha divided:

">MR. SPEAKER: Hon. Members, the time taken for the discussion is six hours and twenty eight minutes. Now, the time to be taken for voting is at least three hours. Please be patient.

">Subject to correction the result of the division is:

">Ayes: 82

">Noes: 331

">The motion was negatived.

">MR. SPEAKER: The question is:

">"That the Bill to provide for the establishment of an Authority to protect the interests of holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto and further to amend the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalisation) Act, 1972, be taken into consideration."

">The motion was adopted.

">SHRI RUPCHAND PAL : Sir, I have one more amendment, amendment number 31. I want to move it.

">MR. SPEAKER: It will not be taken up now. It will be taken up later.

">The House will now take up clause-by-clause consideration of the Bill.

">Clauses 2 and 3

">MR. SPEAKER: The question is:

">"That clauses 2 and 3 stand part of the Bill."

">The motion was adopted.

">Clauses 2 and 3 were added to the Bill.

">Clause 4

">MR. SPEAKER: There is an amendment number 7 to clause 4 to be moved by Shri Vilas Muttemwar. Shri Vilas Muttemwar, are you moving your amendment?

">SHRI VILAS MUTTEMWAR (NAGPUR): No.

">MR. SPEAKER: There are amendments number 22 and 23 to clause 4 to be moved by Shri Priya Ranjan Dasmunsi. Shri Dasmunsi, are you moving your amendments?

">SHRI PRIYA RANJAN DASMUNSI (RAIGANJ): No.

">MR. SPEAKER: There are amendments number 40 and 41 to clause 4 to be moved by Shri A.P. Abdullakkutty, Shri Samar Choudhury, Shri Subodh Roy, Shri Hannan Mollah, Shri Basu Deb Acharia, Shri Bikash Chowdhury, Shri Rupchand Pal and Shri Tarit

Baran Topdar. Shri A.P. Abdullakkutty, are you moving your amendments?

">SHRI A.P. ABDULLAKUTTY (CANNANORE): Yes. Sir, I beg to move:

">Page 3, line 6,-

">for "or" substitute "and" (40)

">Page 3, line 11,-

">for "or experience in life insurance, general insurance or actuarial science, respectively."

">substitute "and experience in life insurance, general insurance and actuarial science, respectively." (41)

">MR. SPEAKER: I shall now put Amendments Nos. 40 and 41 moved by Shri A.P. Abdullakkutty to vote of the House.

">The amendments were put and negatived.

">MR. SPEAKER: The question is:

">"That clause 4 stand part of the Bill."

">The motion was adopted.

">Clause 4 was added to the Bill.

">Clause 5

">MR. SPEAKER: There are amendments numbers 8,9 and 10 to clause 5 to be moved by Shri Vilas Muttemwar. Shri Vilas Muttemwar, are you moving your amendments?

">SHRI VILAS MUTTEMWAR : No.

">MR. SPEAKER: There is an amendment number 15 to clause 5 to be moved by Shri Anadi Sahu. Shri Anadi Sahu, are you moving your amendment.

">SHRI ANADI SAHU (BERHAMPUR, ORISSA): No.

">MR. SPEAKER: The question is:

">"That clause 5 stand part of the Bill."

">The motion was adopted.

">Clause 5 was added to the Bill.

">. Clause 6

">MR. SPEAKER: There are amendments numbers 11 and 12 to clause 6 to be moved by Shri Vilas Muttemwar. Shri Vilas Muttemwar, are you moving your amendments?

">SHRI VILAS MUTTEMWAR (NAGPUR): No.

">MR. SPEAKER: The question is:

">"That clause 6 stand part of the Bill."

">The motion was adopted.

">Clause 6 was added to the Bill.

">Clause 7 was added to the Bill.

">Clause 8

">MR. SPEAKER: Shri Vilas Muttemwar, are you moving amendment No. 13?

">SHRI VILAS MUTTEMWAR (NAGPUR): No, Sir.

">MR. SPEAKER: Shri Anadi Sahu, are you moving amendment No. 16?

">SHRI ANADI SAHU (BERHAMPUR, ORISSA): No, Sir.

">MR. SPEAKER: The question is:

">"That clause 8 stand part of the Bill."

">The motion was adopted.

">Clause 8 was added to the Bill.

">Clauses 9 and 10 were added to the Bill.

">Clause 11

">SHRI A.P. ABDULLAKUTTY (CANNANORE): Sir, I beg to move:

">Page 4, line 21,--

">omit "in, or any defect in the constitution of, the Authority; or" (42)

">MR. SPEAKER: I shall put amendment No. 42 moved by Shri A.P. Abdullakutty to clause 11, to the vote of the House.

">The amendment was put and negatived.

">MR. SPEAKER: The question is:

">"That clause 11 stand part of the Bill."

">The motion was adopted.

">Clause 11 was added to the Bill.

">Clauses 12 and 13 were added to the Bill.

">Clause 14

">MR. SPEAKER: Shri Satyavrat Chaturvedi, are you moving amendment No. 21?

">SHRI SATYAVRAT CHATURVEDI (KHAJURAHO): Sir, since my amendment has been accepted by the Government, I am not moving it.

">SHRI A.P. ABDULLAKUTTY : Sir, I beg to move:

">Page 5, line 16,--

">add at the end--

">"and to check that there is no undercutting of premiums and unreasonable incentives to capture the markets" (43)

">Page 5, line 24,--

">add at the end--

">"etc." (44)

">Page 5, line 28,--

">add at the end--

">"and transparency" (45)

">Page 5, line 38,--

">add at the end--

">"for life and General Insurance sectors" (46)

">MR. SPEAKER: I shall put amendment Nos. 43, 44, 45 and 46 moved shri A.P. Abdullakutty to clause 14, to the vote of the House.

">The amendments were put and negatived.

">MR. SPEAKER: The question is:

">"That clause 14 stand part of the Bill."

">The motion was adopted.

">Clause 14 was added to the Bill.

">Clauses 15 to 21 were added to the Bill.

">Clause 22

">SHRI A.P. ABDULLAKUTTY : Sir, I beg to move:

">Page 8, line 18,--

">omit "or the rules or regulations made thereunder" (47)

">MR. SPEAKER: I shall put amendment No. 47 moved by Shri A.P. Abdullakutty to clause 22, to the vote of the House.

">The amendment was put and negatived.

">MR. SPEAKER: The question is:

">"That clause 22 stand part of the Bill."

">The motion was adopted.

">Clause 22 was added to the Bill.

">Clauses 23 and 24 were added to the Bill.

"> Clause 22

">SHRI A.P. ABDULLAKUTTY : Sir, I beg to move:

">Page 8, line 18,--

">omit "or the rules or regulations made thereunder" (47)

">MR. SPEAKER: I shall put amendment No. 47 moved by Shri A.P. Abdullakutty to clause 22, to the vote of the House.

">The amendment was put and negatived.

">MR. SPEAKER: The question is:

">"That clause 22 stand part of the Bill."

">The motion was adopted.

">Clause 22 was added to the Bill.

">Clauses 23 and 24 were added to the Bill.

">Clause 25

">MR. SPEAKER: Amendment number 17. Shri Anadi Charan Sahu, are you moving your amendment?

">SHRI ANADI SAHU : No.

">MR. SPEAKER: Amendment number 27. Shri Rupchand Pal and Shri Subodh Roy, are you moving your amendments?

">SHRI RUPCHAND PAL : Sir, I move my amendment number 27.

">I beg to move:

">Page9, line 14,- 27

">for "association"

">substitute "associations" (27)

">MR. SPEAKER: Now I shall put amendment number 27 moved by Shri Rupchand Pal to the vote of the House.

">The amendment was put and negatived.

">MR. SPEAKER: The question is:

">"That clause 25 stand part of the Bill".

">The motion was adopted.

">Clause 25 was added to the Bill.

">Clause 26

">MR. SPEAKER: Amendment number 24. Shri Rajesh Pilot are you moving your amendments?

">SHRI RAJESH PILOT : Sir, I have to confirm one thing. The paper I am carrying there the word, `social"" has been hand written ...

(Interruptions) Has it been accepted? Has it been officially recorded? Sir, you just say one word ... (Interruptions)

">MR. SPEAKER: No, no you cannot do that.

">SHRI RAJESH PILOT : Okay, then, would you give me another chance to speak during the third reading? ... (Interruptions)

">MR. SPEAKER: The only option that you have here is either to move or not to move your amendment.

">श्री राजेश पायलट (दौसा) : मैं सिर्फ एक आशंका जता रहा हूं कि यह माना गया था, जब टी.आर.आई. का बिल बना था, तब भी यह कहा था कि सोशल सैक्टर ध्यान में रहेगा। कम्युनिकेशन मिनिस्टर यहां बैठे हुए हैं, आज रूरल कनेक्टिविटी को इग्नोर किया जा रहा है।

... (व्यवधान)

">MR. SPEAKER: Now, are you moving your amendment or not?

">SHRI RAJESH PILOT : Sir, he has accepted my amendment, I am not moving.

">MR. SPEAKER: All right.

">SHRI SONTOSH MOHAN DEV (SILCHAR): Sir, I am not a great leader but at least my name should have been called.

">MR. SPEAKER: I called your name. Anyway, are you moving your amendment?

">SHRI SONTOSH MOHAN DEV : No, I am not moving.

">MR. SPEAKER: Okay. Amendment number 28. Shri Rupchand Pal and Shri Subodh Roy, are you moving your amendent?

">SHRI RUPCHAND PAL : Sir, I am moving the amendment.

">I beg to move:

">Page 9,-

">after line 35, insert-

">"(dd) the terms and conditions of agents

">other intermediaries and surveyors." (28)

">MR. SPEAKER: Now I shall put amendment number 28 moved by Shri Rupchand Pal and Shri Subodh Roy to the vote of the House.

">The amendment was put and negatived.

">MR. SPEAKER: The question is:

">"That clause 26 stand part of the Bill".

">The motion was adopted.

">Clause 26 was added to the Bill.

">Clauses 27 to 32 were added to the Bill.

">First Schedule

">MR. SPEAKER: Amendment number 5 & 6. Shri Prakash Paranjpe, are you moving your amendments?

">SHRI PRAKASH PARANJPE (THANE): Sir, since the Government has protected the interests of the existing units, I am not moving my amendments.

">MR. SPEAKER: All right. Now, amendments number 18, 19 and 20. Shri Rupchand Pal, Shri Hannan Mollah and Shri Basudeb Acharia, are you moving your amendments?

">SHRI RUPCHAND PAL (HOOGLY): Yes, Sir, we are moving the amendments.

">I beg to move:

">Page 11,-

">Omit lines 32 to 34 (18)

">Page 14,-

">Omit lines 31 to 47 (19)

">Page 16, lines 6 and 7,-

">Omit "the funds of the policy-holders" (20)
MR. SPEAKER: Now I shall put amendment numbers 18, 19 and 20 moved by Shri Rupchand Pal to the vote of the House.

The amendments were put and negatived.

MR. SPEAKER: Now, amendments numbers 25 and 26. Shri Rajesh Pilot and Shri Santosh Mohan Dev, are you moving your amendments?

SHRI RAJESH PILOT : Mr. Speaker, Sir, I would just like to confirm whether he has accepted my ameandment. You please check your copy also. The words, ""social sector"" are written there or not. You have a copy with you. Is the word `social sector"" written? ... (Interruptions) I have got a copy of the amendment where it is written in hand. If the Government has accepted it then I am not moving my amendment.

आपकी कॉपी में है।

You can check from your copy.

MR. SPEAKER: Now, amendment numbers 29, 30, 31, 32, 33 and 34 by Shri Rupchand Pal and Shri Subodh Roy. Do you move your amendments?

SHRI RUPCHAND PAL : Sir, I move my amendments No.29, 30, 31, 32, 33 and 34 and press for them.

I beg to move:

Page 13, line 11,--

after "sub-section"" insert

"to cancel" (29)

Page 16, lines 6 and 7,--

omit "the funds of the policy-holders." (30)

Page 16, line 33 to 35,--

for "such percentages of life insurance business and general insurance business in the rural or social sector, as may be specified, in the Official Gazette by the Authority, in this behalf."

substitute "not less than 25 per cent of the life insurance business and general insurance business in the rural or social sector." (31)

Page 19,--

omit lines 15 to 26. (32)

Page 20,--

omit lines 39 to 43. (33)

Page 25,--

after line 47, insert--

"as also forfeiture of such properties and or assets." (34)

Sir, I wish to say a few words on my amendment No.31.

MR. SPEAKER: No speech is allowed at this stage.

... (Interruptions)

SHRI SOMNATH CHATTERJEE : When somebody who did not move his amendment has been allowed to speak, why should he not be allowed?

MR. SPEAKER: Shri Pilot did not speak. He sought a clarification from the Minister.

SHRI RUPCHAND PAL : Sir, I would like to read the text of my amendment No.31. ...(Interruptions)

MR. SPEAKER: Shri Rupchand Pal, would you like to move your amendment No.35?

SHRI RUPCHAND PAL : I move my amendment and press for it.

I beg to move:

Page 26, line 29,

add at the end,--

"including cancellation as insurer(s)" (35)

Sir, I want to speak on my amendment No.31.

MR. SPEAKER: Shri Rupchand Pal and Shri Subodh Roy, would you like to move your amendments No.36, 37 and 38?

SHRI RUPCHAND PAL : Sir, I move my amendments No.36, 37 and 38.

I beg to move:

Page 26,--

omit lines 38 to 41. (36)

Page 27,--

omit lines 13 and 14. (37)

Page 27, line 32,--

omit "qualifications and" (38)

MR. SPEAKER: Amendment No.39. Shri Priya Ranjan Dasmunsi, are you moving your amendment?

SHRI PRIYA RANJAN DASMUNSI : Sir, since all our amendments have been accepted by the Government I am not moving my amendment.

SHRI RUPCHAND PAL : Sir, I press for division on my amendment No.31. Let me read it out, Sir. It says, "not less than 25 per cent of the life insurance business and general insurance..." ...(Interruptions)

MR. SPEAKER: Now I shall put all the amendments together.

SHRI BASU DEB ACHARIA : How can you put all of them together?

SHRI RUPCHAND PAL : Sir, I press for division on my amendment No.31.

SHRI SOMNATH CHATTERJEE : Sir, kindly allow him two minutes to speak and let the Government respond. Otherwise, if this is the attitude of the Government, we have to press for division. I am trying to find a via media. Let the hon. Member speak for one minute and let the hon. Minister respond.

MR. SPEAKER: Shri Rupchand Pal, if you want you can seek clarification from the Government. You cannot give a speech at this stage. It you are allowed to do so, it would become a precedent. Please understand.

SHRI RUPCHAND PAL : Sir, I wanted to say that the provision "not less than 25 per cent of life insurance business and general insurance business in the rural or social sector" should be made. Let them agree to 25 per cent in concrete terms. That is what my amendment says. ...(Interruptions) The Congress say that they propose 25 per cent and the Government say that they are agreeing for 75 per cent. ...(Interruptions) I wanted 25 per cent. For 75 per cent they are agreeing. ...(Interruptions)

SHRI RAJESH PILOT : Sir, my colleague did not listen to me. ...(Interruptions)

MR. SPEAKER: Shri Rupchand Pal, if you want division, we can do it by circulating slips.

SHRI RUPCHAND PAL : I press for division on amendment No.31. It is my right to ask for division.

MR. SPEAKER: I shall now put amendments No.18,19,20 and 29, 30, 31, 32, 33, 34, 35, 36, 37 and 38 to the vote of the House.

The amendments were put and negatived.

... (Interruptions)

SHRI RAJESH PILOT : About the ratio, they may not agree... (Interruptions)... In a competition I cannot do that... (Interruptions)

SHRI TARIT BARAN TOPDAR (BARRACKPORE): That is why 75 per cent has been asked. Now, it is found that 25 per cent also is not accepted... (Interruptions)... The Congress party has been befooled... (Interruptions)... You are living in a fool""s paradise. (Interruptions)

SHRI RAJESH PILOT : Let it go in everybody""s mind... (Interruptions)...I will take just one minute. The House will agree with me.

अध्यक्ष महोदय, हमें आशंका है क्योंकि जब टेलीफोन रैगुलेटरी अथॉरिटी 'ट्राई' का निर्माण हुआ था, तो यह कहा गया था कि रूरल कनैक्टिविटी प्राइवेट ऑपरेटर्स द्वारा की जाएगी और गवर्नमेंट एजेंसीज भी करेंगी, लेकिन प्राइवेट ऑपरेटर्स ने हाथ खड़े कर दिए और वे कोर्ट में चले गए। इसलिए मेरी यह आशंका है कि कहीं इस बिल में भी ऐसी बात न हो जाए। हालांकि आपने हमारी बात मान ली है, इसके लिए तो हमें संतोष है,

but they started saying that the LIC cannot afford to invest in the social sector, and because of the competition, they cannot earn much.

इसमें उसका सेफ गार्ड और सख्ती से ले आएं।

That is what we want to say. We should spend at least minimum in the social sector so that the social sector does not suffer... (Interruptions)

MR. SPEAKER: Now, the Amendment Nos. 48, 49, 50 and 51.

Amendments made:

Page 12, after line 33, insert--

`(ba) after sub-section (2A), insert--

the applicant and grant him a certificate of registration if such applicant agrees, in the form and manner as may be specified by regulations made by the Authority, to carry on the life insurance business or general insurance business for providing health cover to individuals or group of individuals."'" (48)

Page 16, after line 11, insert--

"(1A) The Authority may give specific directions for the time, manner and other conditions subject to which the funds of policy holders hall be invested in the infrastructure and social sector as may be specified by regulations made by the Authority and such regulations shall apply uniformly to all the insurers carrying on the business of life insurance, general insurance, or re-insurance in India on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999.". (49)

Page 16, after line 35, insert--

"Obligations 32C. Every insurer shall, after the

of insurer in commencement of the Insurance Regulatory and

respect of Development Authority Act, 1999, discharge the

rural or obligations specified under section 32B to

unorganised provide life insurance or general insurance

sector and policies to the persons residing in the rural

backward sector, workers in the unorganised or informal

classes. sector or for economically vulnerable or backward classes of the society and other categories of persons as may be specified by regulations made by the Authority and such insurance policies shall include insurance for crops." (50)

Page 26, after line 29, insert--

"Penalty for 105C. If an insurer fails to comply with the

failure to provisions of section 32C, he shall be liable

comply with to a penalty not exceeding twenty-five lakh

section 32C. rupees for each such failure and in the case of subsequent and continuing failure, the registration granted to such insurer under section 3 shall be cancelled by the Authority."

(51)

(Shri Yashwant Sinha)

SHRI SOMNATH CHATTERJEE : Sir, the hon. Minister has not responded to the point raised by Shri Rupchand Pal... (Interruptions)

SHRI YASHWANT SINHA: Sir, I stand here to confirm that the words `and social'"' written in hand and what has been circulated to the hon. Members are part of the official Amendment, and I shall read it here. We are saying clearly that such regulations shall apply uniformly to all the insurance companies.

That covers his point.

SHRI SOMNATH CHATTERJEE : What about percentage?

SHRI YASHWANT SINHA: You are asking only for 25 per cent, and we are agreeing to 50 per cent... (Interruptions)...What percentage are you talking about?... (Interruptions)...It is 50 per cent. It is not 25 per cent... (Interruptions)

MR. SPEAKER: The question is:

"That the First Schedule, as amended, stand part of the Bill.

The motion was adopted.

The First Schedule, as amended, was added to the Bill.

The Second Schedule and the Third Schedule were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

... (Interruptions)

MR. SPEAKER: Shri Rupchand Pal, please cooperate with the Chair. Please sit down. I am always cooperating with you but you are not cooperating with me.

... (Interruptions)

MR. SPEAKER: Now, the hon. Minister.

... (Interruptions)

SHRI SOMNATH CHATTERJEE : Sir, with all humility, I request the hon. Finance Minister to kindly spare one minute... (Interruptions)...Mr. Prime Minister, I am also requesting you... (Interruptions)...It is so frivolous, Sir, if you see page 47 of the Bill, which is written and I quote:

"27A. (1) No insurer shall invest or keep invested any part of his controlled fund otherwise than in any of the following approved investments, namely:-

(a) approved securities;

(b) securities of, or guaranteed as to principal and interest by, the Government of the United Kingdom;

Are you providing here securities as in U.K? The shaking of head by Shri V. Dhananjaya Kumar will not do. They have not consulted you even. These are securities issued by the Government of U.K and they are saying that these are approved investments. Is this the conscious decision of the Government? Then why for no other country they have done it? British investments are acceptable to us. Therefore, I believe that this has happened because of some inadvertence. You have copied from some Bill and you have not checked it properly. Kindly accept this.

SHRI V. DHANANJAYA KUMAR: You should consult legal experts on this.

SHRI BASU DEB ACHARIA : This is very important. The hon. Minister has not replied.

MR. SPEAKER: Are you clarifying it?

SHRI YASHWANT SINHA: No.

MR. SPEAKER: The hon. Minister may now move that the Bill, as amended, be passed.

SHRI YASHWANT SINHA: I beg to move: *

"That the Bill, as amended, be passed."

---

* Moved with the recommendation of the President.

MR. SPEAKER: The question is :

"That the Bill, as amended, be passed."

The motion was adopted.

... (Interruptions)

१५५.३७

hours

(At this stage, Shri Somnath Chatterjee and some other

hon. Members left the House.)

डॉ. रघुवंश प्रसाद सिंह (वैशाली) : अध्यक्ष महोदय, मैं भी इस बिल के विरोध में वाक-आउट करता हूं।

१५.५७-१/४ म.प.

एक सदस्य होने की स्थिति में 'तथा कुछ अन्य माननीय सदस्यों मिटाएं। (तत्पश्चात श्री रघुवंश प्रसाद सिंह ने सदन से बहिर्गमन किया।)